



## Foreclosure Prevention Assistance Loan Program Income Calculation Worksheet

**INSTRUCTIONS:** Use this optional tool when determining Income (current projected household income).

<i><b>Income Types</b></i>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Borrower Name					
Base Pay	\$	\$	\$	\$	\$
Self-Employment	\$	\$	\$	\$	\$
Variable	\$	\$	\$	\$	\$
Flexible Benefit Cash	\$	\$	\$	\$	\$
Housing/Car Allowance	\$	\$	\$	\$	\$
Child/Spousal Support	\$	\$	\$	\$	\$
Educational Grants	\$	\$	\$	\$	\$
Transfer Payment	\$	\$	\$	\$	\$
Interest/Dividend	\$	\$	\$	\$	\$
Investment Property/etc.	\$	\$	\$	\$	\$
Roommate Rent	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$
<i>Subtotal</i>	\$	\$	\$	\$	\$

***Total of All Income Types/Residents***  
***(Add subtotals of A-E and any additional Residents)***

\$

***Include:***

❖ All Adult Residents (18+)

❖ Unearned Income from Minors

### ***Employment/Business Income***

<b>Type</b>	<b>Key Items to Address</b>	<b>Documentation</b>
Base Pay	<p><u>Salary or Wage Income</u>: The regular rate of pay multiplied by the number of pay periods per year.</p> <ul style="list-style-type: none"> <li>This should approximate YTD on VOE. If not, check for variable income such as OT, bonus, etc. (Employers don't always break this out). If in doubt, average YTD and last year.</li> </ul>	<p>Verification provided to include rate of pay; number of pay periods; and year-to-date income amount:</p> <ul style="list-style-type: none"> <li>2+ current paycheck stubs; or</li> <li>A documented telephone call to the employer; or</li> <li>A Verification of Employment form completed by the employer.</li> </ul>
Self-Employment	<p><u>Self-employed Borrowers</u>: Use a two year average from the most recent federal income tax returns for income verification purposes. Determine gross annual income by:</p> <ul style="list-style-type: none"> <li>Request additional <u>supporting documentation</u> (i.e., current balance sheet and income statement) when necessary to determine self employed income.</li> <li><u>Deduct</u>: out-of-pocket business expenses such as office rent, telephone, etc., which are generally tax-deductible items.</li> <li><u>Include</u>: all entertainment and travel expenses, private retirement contribution plans, and property or equipment depreciation (which may be tax-deductible but are not allowable deductions when calculating MHFA eligibility income).</li> </ul>	<p>Sole Proprietorship or Farm Operation:</p> <ul style="list-style-type: none"> <li>Schedule C – for a proprietorship</li> <li>Form 8829 – if Borrower operates the business out of the home</li> <li>Schedule F – for a farm operation</li> </ul> <p>Partnership:</p> <ul style="list-style-type: none"> <li>Schedule E</li> <li>Form 1065 K-1</li> <li>US Partnership Return of Income Form 1065</li> </ul> <p>S-Corporation:</p> <ul style="list-style-type: none"> <li>Schedule E</li> <li>Form 1120S K-1</li> <li>W-2 or 1099 Form</li> <li>US Small Business Income Tax Return Form 1120S</li> </ul>
Variable Income: Bonus, Overtime, Shift Pay,	<ul style="list-style-type: none"> <li>Base the amount on the average of the prior years' figures or average amounts awarded to other employees with the same</li> </ul>	<ul style="list-style-type: none"> <li>Previous two years W-2 forms; or</li> <li>A documented telephone call to the employer; or</li> </ul>

Type	Key Items to Address	Documentation
Commissions, Tips, Seasonal	<p>status. The most recent federal income tax return may also be used for this purpose.</p> <ul style="list-style-type: none"> <li>Always use an average for overtime (unless employer and income history verifies OT was for one-time, special project, etc.), commissions, part-time income, bonuses, shift differentials, sick pay and holiday pay.</li> </ul>	<ul style="list-style-type: none"> <li>A Verification of Employment form completed by the employer.</li> </ul>
Flexible Benefit Cash	If cash benefits exceed benefits cost, include excess as income.	<ul style="list-style-type: none"> <li>Previous two years W-2 forms; or</li> <li>A documented telephone call to the employer; or</li> <li>A Verification of Employment form completed by the employer.</li> </ul>
Housing/Car Allowance	Most common for clergy – always use. See Base pay – one reason the year-to-date amount may be less than the regular rate of pay would yield to-date.	<ul style="list-style-type: none"> <li>A documented telephone call to the employer; or</li> <li>A Verification of Employment form completed by the employer.</li> </ul>

### ***Other Income***

Type	Key Items to Address	Documentation
Child/Spousal Support	<ul style="list-style-type: none"> <li>Use average of actual support received.</li> <li>If support is scheduled to stop during next 12 months (i.e. child is 17+ years old), use amount of support through scheduled expiration and average over 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>Divorce Decree/Child Support Agreement; or</li> <li>Documented telephone call to county social service agency; and</li> <li>Cancelled checks/bank statements</li> </ul>
Educational Grants	Grants or scholarships paid directly to the borrower(s). Do not include educational loans.	<ul style="list-style-type: none"> <li>Copy of Grant Awards Letter</li> </ul>

Type	Key Items to Address	Documentation
Transfer Payment Income	<ul style="list-style-type: none"> <li>• Include all sources of this income at current level</li> <li>• Includes: Unemployment Compensation, Public Assistance, Worker's Compensation, Disability, VA, Pensions, Social Security benefits.</li> </ul>	<ul style="list-style-type: none"> <li>• A current check; or</li> <li>• Bank statements; or</li> <li>• County disbursement printout; or</li> <li>• Current year award letter.</li> </ul>
Interest/Dividend	Calculate interest income based on current depository rates if liquid assets after closing exceed \$5,000.	<ul style="list-style-type: none"> <li>• 1099 Forms; or</li> <li>• Federal Tax Form 1040</li> </ul>
Investment Property/Owner Occupied Duplex	<p>Rental Income:</p> <ul style="list-style-type: none"> <li>• Monthly Gross Rent - vacancy loss = Gross Adjusted Rent.</li> <li>• Gross Adjusted Rent - 50% of the PITI and maintenance costs = Net Rental Income.</li> <li>• Note: If rental income is negative, use \$0 when calculating Income. In addition, an operating statement may be used in lieu of using the above-referenced formula.</li> </ul> <p>Contract for Deed:</p> <ul style="list-style-type: none"> <li>• Payments projected to be received in the 12 months following the date of the application, less out of pocket expenses for that same period.</li> </ul>	<ul style="list-style-type: none"> <li>• If rental history, Schedule E from most recent Federal Income Tax return; or</li> <li>• Most recent consecutive 6 months of canceled checks from renter; or</li> <li>• If new purchase, copy of the rental agreement.</li> <li>• Copy of Contract for Deed</li> </ul>
Roommate Rent	For roommates/renters not living in a separate living unit, use gross rent provided that it's clear the roommate/renter is not a long term household member.	<ul style="list-style-type: none"> <li>• Copy of Written Rental/Lease Agreement</li> </ul>
Other Household Income	Always include other sources of income not specifically excluded.	

***Exclusions***

- Income no longer available
  - ✓ Borrowers can't manipulate income (quit job, etc.) to become eligible
- Court ordered support not received (child support, spousal support, etc)
- Food stamps
- Government paid child care paid directly to the provider
- Foster care income
- Incidental after school income for minors
- Income of Roommates/renters (employment, bonuses, etc.)
  - ✓ Clarification needed the roommate/renter is not a long-term household member
  - ✓ Must obtain a written lease documenting the rental arrangement
- One-time (nonrecurring) income
  - ✓ Income received once that does not have a history and is unlikely to reoccur in the future